

BEFORE THE
ILLINOIS COMMERCE COMMISSION

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3 ILLINOIS GAS COMPANY) DOCKET NO.
4) 00 -0132
5 Petition pursuant to Section 6 -102 of)
6 the Public Utilities Act seeking)
7 authority to incur indebtedness in the)
8 amount of \$3,200,000.00 to be repaid)
9 over a period of time in excess of)
10 twelve months, to give security)
11 therefor, and to pay the proceeds of)
12 such funds received for such)
13 indebtedness; determining the fee to be)
14 paid pursuant to Section 6 -108 of the)
15 Public Utilities Act; and ratifying)
16 incurrence of existing indebtedness.)

Springfield, Illinois
April 25, 2000

Met, pursuant to notice, at 1:30 P.M.

BEFORE:

MR. DONALD L. WOODS, Examiner

APPEARANCES:

MR. STANLEY L. MORRIS
Quinn, Johnston, Henderson & Pretorius
3 North Old State Capitol Plaza
Springfield, Illinois 62701

(Appearing on behalf of Illinois Gas
Company)

SULLIVAN REPORTING COMPANY, by
Cheryl A. Davis, Reporter, #084 -001662

1 APPEARANCES: (Cont'd)

2 MR. CLAYTON NG
3 MR. MICHAEL McNALLY
4 527 East Capitol Avenue
5 Springfield, Illinois 62794

6 (Appearing on behalf of the Staff of the
7 Illinois Commerce Commission)

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1	I N D E X				
2	WITNESSES	DIRECT	CROSS	REDIRECT	RECROSS
3	PAUL G. NEFF				
4	By Mr. Morris	6			
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12	EXHIBITS		MARKED		ADMITTED
13	Petitioner's 1 - 5		4		9
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1 PROCEEDINGS

2 (Whereupon Petitioner's
3 Exhibits 1 through 5,
4 inclusive, were marked for
5 identification.)

6 EXAMINER WOODS: On the record.

7 I call for hearing 00-0132, the matter of
8 Illinois Gas Company, a petition pursuant to Section
9 6-102 of the Public Utilities Act seeking authority
10 to incur indebtedness in the amount of \$3.2 million
11 to be repaid over a period of time in excess of
12 twelve months, to give security therefor, and to pay
13 the proceeds of such funds received for such
14 indebtedness, determining the fee to be paid pursuant
15 to Section 6-108 of the Public Utilities Act, and
16 ratifying incurrence of existing indebtedness.

17 This cause comes on for hearing April 25,
18 2000 before Donald L. Woods, duly appointed Hearing
19 Examiner, under the authority of the Illinois
20 Commerce Commission. The purpose of today's hearing
21 is for the introduction into evidence of testimony
22 and exhibits, if any, the cross-examination of

1 testimony and exhibits.

2 At this time I'd take the appearances of
3 the parties, please, beginning with the Applicant.

4 MR. MORRIS: Stanley Morris of Quinn, Johnston,
5 Henderson and Pretorious, Three North Old State
6 Capitol Plaza, Springfield, Illinois 62701, telephone
7 number of 753-1133.

8 EXAMINER WOODS: On behalf of Staff.

9 MR. NG: Clayton Ng on behalf of Staff, 527 East
10 Capitol Avenue, Springfield, Illinois 62701.

11 MR. McNALLY: Michael McNally on behalf of
12 Staff, 527 East Capitol Avenue, Springfield, Illinois
13 62701.

14 EXAMINER WOODS: Any additional appearances?

15 MR. MORRIS: No, Mr. Woods, but I would like the
16 record to show that we also have Roger Avery who is
17 president of the Illinois Gas Company in attendance.

18 EXAMINER WOODS: Okay. Mr. Avery, welcome to
19 our little abode here.

20 MR. AVERY: Well, I've been here many times
21 before.

22 EXAMINER WOODS: And I understand we also have

1 witnesses who intend to testify. At this time I'd
2 ask any witness who intends to give testimony to
3 please stand and raise their right hand.

4 (Whereupon two witnesses were
5 sworn by Examiner Woods.)

6 EXAMINER WOODS: Be seated.

7 Are you ready to proceed, Mr. Morris?

8 MR. MORRIS: I am.

9 EXAMINER WOODS: You may proceed.

10 MR. MORRIS: Thank you.

11 PAUL G. NEFF

12 called as a witness on behalf of Illinois Gas
13 Company, having been first duly sworn, was examined
14 and testified as follows:

15 DIRECT EXAMINATION

16 BY MR. MORRIS:

17 Q. Would you state your name and your
18 business address for the record, please?

19 THE WITNESS:

20 A. My name is Paul G. Neff. My business
21 address is Illinois Gas Company, 1004 State Street,
22 P.O. Box 596, Lawrenceville, Illinois 62439-0596.

1 Q. And what is your job title or your
2 capacity with Illinois Gas Company?

3 A. I am the Assistant Treasurer and
4 Comptroller.

5 Q. Mr. Neff, I'm going to show you a document
6 that I've had previously identified as Petitioner's
7 Exhibit 1 and ask you if you can identify that
8 document, please.

9 A. Yes, I can. That is my prepared
10 testimony.

11 Q. And indicated that it was filed with the
12 Commission on February 7th of this year?

13 A. Yes, sir.

14 Q. And also asking then if you would look at
15 documents previously marked for identification as
16 Exhibits 2 through 5 and ask you to describe or
17 identify those documents, please.

18 A. Okay. Exhibit 2 is a table showing short
19 and long-term note balances from the quarter ended
20 December 31, 1989 through the quarter ended December
21 31, 1999, and a ten-year average calculation on
22 that.

1 Exhibit 3 is an analysis of long-term debt
2 proposals showing various costs and interest rates
3 from four different banks that responded to our
4 request for financing.

5 Exhibit 4 is the letter, a copy of the
6 letter from Community Bank and Trust outlining their
7 proposal to Illinois Gas Company for their financing
8 package.

9 And Exhibit 5 is a schedule showing common
10 equity balances as of year end from 1988 through 1998
11 and a ten-year average on that.

12 Q. Mr. Neff, were Exhibits 1, 2, 3, and 5
13 prepared by you or under your supervision?

14 A. Yes, sir, they were.

15 Q. And Exhibit 4, which is the proposal from
16 the Community Bank and Trust, was prepared in
17 response to a request for proposal submitted by you
18 and Mr. Avery?

19 A. Yes, sir.

20 MR. MORRIS: Mr. Woods, at this time I would
21 offer into evidence Petitioner's Exhibits 1 through 5
22 and tender the witness for cross-examination.

1 EXAMINER WOODS: Any objection to the exhibits?

2 MR. NG: No objection.

3 EXAMINER WOODS: The documents are admitted
4 without objection.

5 (Whereupon Petitioner's
6 Exhibits 1 through 5,
7 inclusive, were received into
8 evidence.)

9 EXAMINER WOODS: Any cross-examination?

10 MR. NG: No cross.

11 EXAMINER WOODS: Okay. On behalf of Staff,
12 Mr. Ng, do you have a recommendation in this docket?

13 MR. NG: Yes, I do, Mr. Examiner. Based on my
14 review of the filing, I see no reason as to why the
15 Company should not be allowed to issue this \$3.2
16 million of debt.

17 However, I would like to note that the
18 \$6,400 fee proposed by the Company is inaccurate. In
19 Docket 89-0212 the Company was authorized to issue
20 \$2.2 million of debt for which they paid a \$4,400
21 fee. Of this amount, \$555,612 is still outstanding,
22 and because part of the current issue or proposed

1 issue would be used for the purpose of retiring this
 2 amount, the Company should not be double-charged this
 3 fee. Therefore, the \$6,400 proposed amount would be
 4 reduced to \$5,289.

5 EXAMINER WOODS: Okay, and before beginning
 6 today, Mr. Morris and Mr. Neff, the witness has
 7 indicated that this matter had been discussed with
 8 you. Is that correct?

9 MR. MORRIS: That's correct.

10 EXAMINER WOODS: And you are in agreement with
 11 Staff's calculations?

12 MR. MORRIS: Yes.

13 MR. NEFF: Yes, sir.

14 EXAMINER WOODS: Okay. Mr. McNally, a
 15 position? Okay.

16 Anything further, Mr. Morris?

17 MR. MORRIS: No, sir.

18 EXAMINER WOODS: Mr. Ng?

19 MR. NG: No, sir.

20 EXAMINER WOODS: This docket is marked Heard and
 21 Taken. Thank you all very much.

22 HEARD AND TAKEN

1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)
3 CASE NO.: 00-0132
4 TITLE: ILLINOIS GAS COMPANY

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CERTIFICATE OF REPORTER

9 I, Cheryl A. Davis, do hereby certify that I am
a court reporter contracted by Sullivan Reporting
10 Company of Chicago, Illinois; that I reported in
shorthand the evidence taken and proceedings had on
11 the hearing on the above-entitled case on the 25th
day of April, 2000; that the foregoing 10 pages are a
12 true and correct transcript of my shorthand notes so
taken as aforesaid and contain all of the proceedings
13 directed by the Commission or other persons
authorized by it to conduct the said hearing to be so
14 stenographically reported.

Dated at Springfield, Illinois, on this 27th day
15 of April, A.D., 2000.

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Certified Shorthand Reporter
License No. 084-001662

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